COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT TRANSMISSION FACILITIES IN MEADE COUNTY IN KENTUCKY TO INTERCONNECT ITS ELECTRIC UTILITY SYSTEM WITH THE ELECTRIC UTILITY SYSTEM OF EAST KENTUCKY POWER COOPERATIVE	)
and	CASE NO. 94-078
THE APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT CERTAIN ELECTRIC TRANSMISSION FACILITIES IN HARDIN COUNTY	)

O R D E R

IT IS ORDERED that Big Rivers Electric Corporation ("Big Rivers") shall file the original and eight copies of the following information with the Commission with a copy to all parties of record within 20 days from the date of this Order.

1. In response to Item 2 of the June 2, 1994 Order, Big Rivers indicated that it would not seek any of its required permits until the Commission completed its review of the application for a Certificate of Public Convenience and Necessity. Explain why it is appropriate for Big Rivers to seek a Certificate of Public Convenience and Necessity before it has applied for or secured any of the required project, environmental, or design permits.

2. In the response to Item 10 of the June 2, 1994 Order, Big Rivers stated that the necessary easements for the transmission

line have not been acquired. In the response to Item 11, Big Rivers further stated that the specific route for the transmission line has not been determined.

a. Explain how Big Rivers has been able to determine reasonable construction cost estimates without the determination of the specific route and the number of easements that will be required.

b. Explain how the Commission can evaluate the reasonableness of Big Rivers' proposal without the specific route and easement information.

3. Provide a schedule showing by year the amounts of unit back-up power transactions with East Kentucky included in Big Rivers' 1993 Integrated Resource Plan filed with the Commission in Case No. 93-341.[1] If the amounts on this schedule are different than the levels included in the Alternative 2 analysis, explain in detail the reason(s) for the differences.

4. Provide all the assumptions and variables Big Rivers used in the power production computer simulations generated by the ENPRO models. Include the basis supporting or justifying each assumption or variable.

5. In the response to Item 5 of the June 2, 1994 Order, Big Rivers has stated that under the back-up power agreement transfers from Big Rivers to East Kentucky are projected to equal those indicated for transactions from East Kentucky to Big Rivers. The

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[1] Case No. 93-341, A Review Pursuant to 807 KAR 5:058 of the 1993 Integrated Resource Plan of Big Rivers Electric Corporation.

Alternative 2 analysis shows transactions from East Kentucky to Big Rivers ranging from 119,364 MWH to 258,973 MWH, with an average for the period of 205,754 MWH. The response to Item 4 shows Big Rivers received 48,663 MWH in unit back-up power in 1992, 45,721 MWH in 1993, and 25,857 MWH year to date for 1994.

a. Given the historic levels of actual unit back-up power transactions with East Kentucky, explain how the transaction levels included in the Alternative 2 analysis can be considered reasonable.

b. Explain what events or circumstances are envisioned by Big Rivers that support the assumption that unit back-up power transactions will increase by approximately 400 percent over the 1996-2015 time frame.

6. Exhibit V, Appendix A of Big Rivers' application compared a present worth analysis of the construct option (Alternative 1) with that of wheeling unit back-up power transactions (Alternative 2). Alternative 1's present worth total was $2,671,015 while Alternative 2's present worth total was $4,771,222.

a. Using the same variables and assumptions as reflected in Exhibit V, Appendix A, prepare a version of Alternative 2 using as the wheeling rate the LG&E charge of 1.75 mills/kWh.

b. Prepare a version of Alternative 2 which reflects a break-even result, one where the present worth total approximately equals $2,671,015. All variables and assumptions reflected in Exhibit V, Appendix A are to remain unchanged, except the yearly

amounts for MWH Transferred. Adjustments are to be made to the MWH Transferred in each year of the analysis.

7. On page V-6 of the Application, Big Rivers discusses additional benefits that would result from the proposed interconnection with EKPC.

a. Describe fully the potential increases in "generation resource sharing" between Big Rivers and EKPC.

b. Describe fully the new off-system power markets and opportunities that would be available to Big Rivers.

c. Describe the benefits to Big Rivers resulting from these new off-system sales opportunities.

8. Could the length or cost of the proposed transmission line be reduced by utilizing existing transmission and distribution rights-of-way or any other available rights-of-way? Explain fully your response.

Done at Frankfort, Kentucky, this 29th day of July, 1994.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director